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Report of the Secretary-General

Summary

The present report responds to sections II and III of General Assembly resolution 52/2[illegible] of 22 December 1997. It provides information on the development and implementation of the performance appraisal system over the past year, including with respect to measures taken to refine and simplify the system, the monitoring mechanisms established with a view to ensuring consistency of application and the supporting staff development programmes. It also reports on the step-by-step approach being taken by the Secretary-General, in consultation with staff, towards the introduction of a system of performance awards and bonuses.

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1. The present report responds to sections II and III of General Assembly resolution 52/219 of 22 December 1997 on implementation of the Performance Appraisal System (PAS) and on a system of performance awards or bonuses respectively.

I. Implementation and development of the Performance Appraisal System

Introduction

2. The Performance Appraisal System was introduced into the Organization pursuant to General Assembly resolution 49/222 A of 23 December 1994, in which the Assembly requested the Secretary-General to introduce a new performance appraisal system that would hold managers and staff accountable for their individual performance. Pursuant to staff rule 112.6, PAS applies to all staff members, up to and including Under-Secretaries-General, holding appointments of at least one year under the 100 series of Staff Rules.

3. PAS, which is based on performance management principles recommended for the United Nations common system by the International Civil Service Commission (ICSC), is one element of the Secretary-General's overall efforts to introduce into the Secretariat a results-based culture of performance. The system is designed to serve as a line management and staff development tool to improve overall organizational performance, and is an important element in a strengthened system of accountability. It is based on linking individual work plans with those of departments and offices and emphasizes goal setting, planning, up-front performance expectations and ongoing feedback. An important function of PAS is to promote communication between staff members and supervisors on the goals to be achieved and the basis on which individual performance will be assessed.

4. In its resolution 51/226 of 3 April 1997, the General Assembly requested the Secretary-General to report on the findings of the review of the first cycle of PAS. Subsequently, the Secretary-General submitted a report on the implementation of PAS (A/C.5/51/55 and Corr.1) in which he reviewed the first full year of implementation and outlined the modifications being made to improve the system in the light of feedback received from staff and management throughout the Secretariat.

5. By its resolution 52/219, the General Assembly encouraged the Secretary-General to continue his efforts to refine and simplify the system, in particular its administrative aspects, and reiterated the importance of PAS being implemented consistently throughout the Secretariat so as to achieve an effective and fair performance management and staff development tool. The Secretary-General was requested to monitor the application of the performance appraisal system and to report thereon to the Assembly.

6. The present progress report is intended to provide the General Assembly with information on the development and implementation of PAS since the previous report of the Secretary-General, including actions taken pursuant to Assembly resolution 52/219. It provides information on the measures taken to refine and simplify the performance appraisal system, in particular its administrative aspects, the current status of PAS implementation in the Organization, the monitoring mechanisms in place with a view to ensuring consistency of application, and staff development programmes supporting performance management.

Review and simplification of the Performance Appraisal System

7. As indicated in his report (A/C.5/51/55 and Corr.1) and in accordance with General Assembly resolution 52/219, after the first full year of implementation, the Secretary-General reviewed the system by seeking feedback from staff and managers throughout the Secretariat. The feedback indicated that while the value of the underlying concepts and principles on which the system is based were widely recognized, it was necessary to significantly simplify the processes, which were considered to be overly complex and burdensome.

8. Accordingly, the PAS processes, forms and materials were reviewed with a view to simplifying the process, increasing managerial accountability and improving the linkages to staff development. Staff and management were consulted on the revised PAS, which was designed to provide a format flexible enough to accommodate all occupations, ranging from routine activities of a continuing nature to multidimensional activities with changing priorities. It incorporated the following major changes:

(a) The forms are written in clear, straightforward language;

(b) The number of steps in the implementation process has been reduced significantly;

(c) Only one form is used for both planning and appraisal;

(d) Department/office and work unit plans are required to be drawn up only once every two years instead of annually, for those departments wishing to do so; individual work plans and appraisals continue to be done annually;

(e) All staff with supervisory/managerial responsibilities are required to have additional goals that relate to managing human and financial resources; leading, motivating and developing staff; and demonstrating gender and cross-cultural responsiveness;

(f) All staff members are asked to indicate at least one professional development goal to be achieved during the reporting period;

(g) The long and confusing lists of "performance dimensions" have been replaced by three "umbrella" dimensions taken directly from the Charter of the United Nations competence, efficiency and integrity;

(h) The mid-year review requires no written comments, except in cases where plans have changed or performance gaps exist;

(i) Numerical ratings have been replaced by narratives.

9. A revised administrative instruction describing the simplified process was issued. In addition, the implementation guidelines were significantly shortened (from 59 to 8 pages) and were written in simple, straightforward language, and a more user-friendly electronic version of the form was developed. The revised PAS forms and guidelines were issued in December 1997 in time for use in the 1998 cycle. A simplified electronic form was released simultaneously.

10. In addition to greatly simplifying the administrative aspects, revision of PAS aims to enhance managerial accountability in managing the performance and contributing to the development of their staff, as well as demonstrating gender and cross-cultural responsiveness. It also encourages all staff to take greater responsibility for their own development and career progression by requiring staff to indicate at least one professional development goal to be achieved during each reporting period.

Status of implementation of the Performance Appraisal System in the Organization

11. A major organizational objective during the initial phases of PAS implementation was to introduce the overall concepts of the new approach to performance management embodied in PAS, namely, performance planning, prioritization, monitoring, feedback, review and appraisal. The primary responsibility for implementing and ensuring effective application of PAS rests with heads of department or office and supervisors. Line managers are increasingly assuming a leadership role in this process. (Currently, 14 departments and offices have reported that they have implemented PAS during two cycles, 6 have implemented PAS during one cycle, and the remaining 7 are commencing implementation in 1998.)

12. In accordance with administrative instruction ST/AI/1997/8, oversight of implementation of the system at the departmental level is provided by the Management Review Committee, which is to be established in each department or office. The members, who are appointed by the head of department or office, are normally senior line managers. The Committee oversees and reviews the overall process of PAS implementation at the departmental level in order to ensure consistency at all phases of the process. Monitoring reports indicate that Management Review Committees have now been established and are operational in a majority of departments and offices.

13. The Office of Human Resources Management, in its advisory and monitoring capacity, continues to make every effort to assist departments and offices in introducing the concepts and implementing the process. It also monitors implementation across the Secretariat to assist managers and help to ensure fair and consistent application of the system.

Performance Appraisal System monitoring mechanisms

14. The system provides for monitoring mechanisms at the departmental and global levels, namely, the Joint Monitoring Committee and the Global Joint Monitoring Committee. The terms of reference for these committees were agreed upon by the Staff-Management Coordination Committee in June 1997 and issued in administrative instruction ST/AI/1997/5 of 14 October 1997.

Joint Monitoring Committee

15. The objective of the departmental Joint Monitoring Committee is to monitor and report on the implementation of PAS in the respective department or office with regard to timeliness of the process, compliance with procedures and overall results. The committees, which have been formed in a majority of departments and offices, are required to draw

the attention of the appropriate Management Review Committee to any problems they perceive in the implementation of PAS and to propose possible solutions, as well as to prepare compliance reports on implementation for consideration by the Global Joint Monitoring Committee.

Global Joint Monitoring Committee

16. On the basis of reports submitted by Joint Monitoring Committee the Global Joint Monitoring Committee is required to examine policy issues involved in PAS implementation and to prepare an annual report on the implementation of PAS throughout the Secretariat to be submitted to the Secretary-General.

17. The first Global Joint Monitoring Committee met on 20 May 1998. The Committee, as required in its terms of reference, reviewed the status of implementation of the performance appraisal system throughout the Secretariat and examined policy issues involved in the process. The Committee expressed its commitment to the organizational goal of institutionalizing a performance-based management culture and recognized PAS as one of the key management tools to achieve that goal.

18. The Global Joint Monitoring Committee further emphasized the role of senior management in implementing the system, not only through oversight, but also by participating in the process and in supporting the development of their staff. The Committee recognized that PAS represented a significant delegation of authority in the management of human resources and that it should serve as a major building block in the overall reform of the Organization. It was recommended that the Organization refrain from further modifying the system until the current newly revised system has been fully implemented for a reasonable period of time.

Staff development programmes to support performance management

19. The Organization has put in place a range of development programmes for staff at all levels aimed at supporting the implementation of effective principles of performance management and building the requisite skills, such as work planning, team building, providing feedback, coaching and appraising staff.

20. A major focus in the last two and a half years has been the introduction of a people management training programme implemented globally, beginning with senior management. Some 95 per cent of all Director-level staff have participated in the programme, as well as a significant number of staff at the P-4 and P-5 levels with supervisory responsibilities. Follow-up to the people management programme has now begun. The follow-up will be implemented on a departmental basis, bringing together the heads of each respective department with their senior and middle-level managers to focus on work planning, team building and internal accountability mechanisms.

21. In addition to the people management training programme, a supervisory skills programme has been instituted for senior General Service and junior Professional staff with supervisory responsibilities. The supervisory programme focuses on setting goals, delegating, coaching, providing feedback, motivating and communicating effectively. Other supportive programmes include collaborative negotiation skills for both Professional and General Service staff and a new General Service development programme, which complements the management and supervisory skills programmes and focuses on communication, teamwork, client service and work management skills.

Conclusion

22. Lessons learned from other organizations have shown that the process of establishing a performance management system is a long-term endeavour that requires significant organizational culture change and continuous learning, as well as attitudinal change on the part of both staff and management. In this regard, the challenges faced in introducing performance management at the United Nations are no different from those faced by other organizations. Experience elsewhere has demonstrated the importance of strong managerial support and linkages to other human resources systems, including consequences for different levels of performance.

23. The Organization will continue to draw from best practices in both the public and private sectors and to work with other organizations of the United Nations system to ensure that the United Nations benefits from the common system experience in performance management. The implementation of the system will be kept under review, and further development and refinement may be required in the light of continuing experience.

II. System of performance awards or bonuses

Background

24. The General Assembly, in its resolution 51/216 of 18 December 1996, requested the Secretary-General to make operational proposals to it by 1 October 1997, for consideration at its fifty-second session, on the possibility of introducing a system of performance awards or bonuses, in the context of PAS, to a limited number of staff in recognition of their outstanding performance and specific achievements in a given year. ICSC was also requested by the Assembly to provide general comments on the concept of performance awards and bonuses to the Assembly at its fifty-second session.

25. Pursuant to that request, the Secretary-General submitted a report on a system of performance awards or bonuses to the General Assembly at its fifty-second session (A/52/439). The Secretary-General noted that he was addressing the issue in the context of his overall efforts to introduce a performance-based, results-oriented organizational culture. A significant step in that direction had been the introduction of a new PAS, which ultimately must provide the basis for any system of recognition and rewards. The new system was, however, not yet sufficiently rooted in the Organization to support a system of awards and bonuses.

26. Accordingly, the Secretary-General recommended that a step-by-step approach be taken, in consultation with staff, towards the introduction of performance recognition measures. He indicated that, in addition to rewarding outstanding performance, steps must be taken to deal systematically and effectively with underperformance. He also stressed that reward and recognition programmes should not be a substitute for improvements in the overall remuneration package and conditions of employment of staff.

27. In its resolution 52/219, the General Assembly approved the report of the Secretary-General and urged him to adopt, in consultation with staff, a step-by-step approach to the introduction of a system of performance awards or bonuses, taking into account the comments and recommendations of ICSC on the matter.[1]

Underlying principles

28. In formulating proposals in this area, the Secretary-General has been guided by the work of ICSC and consultations with staff and management. Accordingly, he considers that the following principles should serve as the basis for developing a system of performance awards or bonuses:

(a) A system of performance awards or bonuses can be implemented only in an environment where the management culture of the Organization optimizes performance at all levels – individual, team and organizational;

(b) Any such system should focus on enhancing responsibility and accountability at all levels, increasing staff participation in the planning, delivery and evaluation of work and strengthening shared common values and standards across the Organization. Therefore, a viable performance recognition programme is an integral part of the overall human resources strategy and is linked to the Organization's performance management system;

(c) In particular, the management culture of the Organization must recognize performance, achievement and learning, and mechanisms to ensure managerial accountability must be in place;

(d) Any performance recognition programme should ensure that cooperative teamwork is not discouraged by an excessive emphasis on individual contributions;

(e) Rewarding outstanding performance and addressing underperformance should not detract from recognition of the fully satisfactory performance of the majority of staff who form the backbone of the Organization. Increased appreciation for the efforts of those staff by their managers should be encouraged;

(f) The development of a performance awards or bonuses system should not be a substitute for fair and adequate compensation that ensures competitive conditions of service, nor should it be a replacement for promotion and career development opportunities;

(g) Any such system must be transparent and its results should be publicized in an appropriate manner;

(h) While any performance recognition system must be implemented in the context of the performance appraisal system, it is essential that the new PAS be sufficiently well-established throughout the Organization before a Secretariat-wide programme is introduced.

Development of a performance recognition programme

29. On the basis of the above-mentioned principles, the Secretary-General consulted management and staff, through the Staff-Management Coordination Committee, on the implementation of a step-by-step approach towards the development of a performance recognition programme. There was widespread recognition that the success of a performance management system requires that there be consequences linked to different levels of performance. While Secretariat-wide implementation of PAS was proceeding steadily, it was considered that it was not yet sufficiently well-established throughout the Organization to support a Secretariat-wide performance awards programme. It was also felt that further attention should be given to developing a culture of recognition and putting in place mechanisms to ensure accountability of managers and to build confidence among the staff.

30. As an initial step, therefore, the Secretary-General proposes a step-by-step approach in consultation with the staff. While working to institutionalize the performance appraisal system, the Organization will begin introducing a range of non-monetary awards, for both individuals and teams, in line with those suggested by ICSC. This will allow additional time to ensure that PAS is well-established throughout the Organization to support the possibility, at a later stage, of introducing other awards.

31. It is proposed that pilot performance awards programmes be developed, in consultation with staff, and that experience of existing projects in various parts of the Secretariat be shared with other duty stations.

32. The necessity of developing objective and transparent criteria for the granting of recognition awards and a mechanism for selecting recipients was also noted. Selection by some form of joint staff-management review group was favoured, without creating an unnecessary bureaucracy. Recognition awards should be applicable to individuals or teams at all levels, and emphasis should be placed on enhancing teamwork and building team spirit. Further consideration would need to be given to the selection of culturally sensitive ways of expressing recognition.

Types of awards

33. Examples of non-monetary awards will be reviewed against the background of practices established by the comparator and other outside employers. Research and experience has shown that personalized, informal and immediate recognition by supervisors is a most powerful motivator in an organizational setting. Moreover, non-cash awards have often proven to be more effective than financial incentives. Accordingly, managers will be encouraged to explore a range of means of giving expression to such personal recognition, including certificates, formal recommendations, letters of appreciation, provisions for additional development opportunities, etc. Some offices have already initiated action in this regard, and best practices should be shared throughout the Organization.

34. At a later stage, consideration might be given to other forms of awards, possibly travel, sabbaticals or study leave, as well as cash awards or bonuses.

Underperformance

35. The Secretary-General is also conscious of the need to address the issue of underperformance in an effective way. The credibility of any performance appraisal system is based on the proper identification of superior performance and its subsequent recognition, as well as the early detection of performance that does not meet expectations, in part or in full, and the subsequent implementation of measures to improve this underperformance. Accordingly, the identification and appropriate treatment of underperformance should be regarded as an integral part of the Secretary-General's performance management strategy.

36. Early detection and implementation of corrective actions are crucial to the proper treatment of underperformance. In situations where a staff member is not performing up to standard, the problem must be addressed at an early stage in order to help the staff member address performance gaps as well as to maintain staff morale. The management of underperformance is a responsibility shared by both staff and management. While staff members bear primary responsibility for their day-to-day performance, supervisors are responsible for fostering a supportive environment.

Identification of underperformance

37. In accordance with administrative instruction ST/AI/1997/8, in the context of PAS supervisors and staff are expected to agree upon goals and success criteria at the beginning of each performance period. If it is determined that, despite ongoing monitoring and feedback, the staff member is not able to meet the expectations set out in the

plan, it is expected that a rating of "partially meets performance expectations" or "does not meet performance expectations" would be given. Those ratings indicate the existence of shortcomings that should be addressed with a specific remedial plan.

Measures to address underperformance

38. As soon as a performance shortcoming is identified, the supervisor should discuss the situation with the staff member and take steps to rectify the situation. This may include the development of a performance improvement plan in consultation with the staff member. Remedial measures may include on-the-job training, coaching, mentoring, formal training or self-study. Supervisors should monitor progress in such cases carefully.

39. In accordance with administrative instruction ST/AI/1997/8, a rating of "partially meets performance expectations" may justify the withholding of a within-grade increment, particularly if the same rating is given for a second consecutive year. A rating of "does not meet performance expectations" may lead to a number of administrative actions, such as transfer to a different post or function, the withholding of a within-grade increment, the non-renewal of a fixed-term contract or separation for unsatisfactory service.

40. Within-grade increments are granted when the performance is "satisfactory", as required by staff rule 103.8(a). A rating of "partially meets performance expectations" does not necessarily mean that the performance is not satisfactory, as there can be many reasons why a staff member has not fully met the goals set at the beginning of the performance year. This would be the case, for instance, when a staff member has assumed new functions and has experienced some difficulties in performing them but is taking appropriate action to overcome them. In such cases, the within-grade increment could be granted at the end of the first year, but the same rating at the end of the second year would show that no substantial improvement had taken place, and appropriate action should be taken. A rating of "does not meet performance expectations" would in most cases be inconsistent with a finding that the performance was "satisfactory", and would as a result justify withholding a salary increment.

41. In certain instances of underperformance a letter of reprimand may be warranted. Such situations might include instances in which the underperformance takes the form of non-performance or refusal to perform the tasks agreed to in the performance plans or where there is continued underperformance despite the existence of a performance improvement plan.

42. In cases where a staff member, for specific reasons, is not able to carry out tasks that have been assigned in a particular function, it may be necessary to reassign him or her to other duties that he or she can carry out satisfactorily at the same grade level.

43. When the performance of a staff member on a fixed-term appointment does not reach an acceptable level, the Organization may decide not to renew the appointment. Documented poor performance would also justify termination of a probationary appointment before the end of the probationary period, as well as a decision not to grant a permanent appointment at the end of the probationary period, at which time the staff member would be separated from service. A permanent appointment can be terminated under staff regulation 9.1(a) if the services of the individual concerned have proved unsatisfactory.

Conclusion

44. In the context of the Secretary-General's efforts to introduce a performance-based culture, a significant step has been taken with the introduction of a new performance appraisal system, which ultimately must provide the basis for any system of recognition and rewards. The system is, however, not yet sufficiently established throughout the Organization to support a Secretariat-wide performance recognition system or a system of monetary awards.

45. While adopting a phased approach to the introduction of awards or bonuses, the Secretary-General would wish to underscore that any programme of performance recognition must be aimed at improving morale and productivity and enhancing overall organizational performance. In addition, reward and recognition programmes should not be considered a substitute for improvements in the overall remuneration package and conditions of employment that enable the Organization to attract and retain high-quality staff. As requested by the General Assembly, the Secretary-General intends to continue his step-by-step approach to this issue, in consultation with the staff, and will keep the Assembly informed.

Notes

[1] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30* (A/52/30), chap. VI, sect. B.